

Realty Trust Review

Monday, January 15, 1973

VOL. IV, No.1

VALUE GUIDE TO TRUSTS REVIEWED-EQUITY TRUSTS

Trust	Assets (Mil.\$)	Port Yield	Price	Div. Yield	Page
Hubbard RE Inv.	\$96.6	9.00%	\$20.88	7.3	2
Mutual REIT	31.0	15.60	2.75	6.2	2
National Rlty.	---	---	5.00	0.0	2
Summit Prop.	36.0	12.75	12.75	8.6	2
U.S. Leasing	52.7	12.15	21.38	8.0	3
Washington RIT	33.6	17.66	14.38	7.2	3
Wisconsin REIT	49.4	16.30	12.88	6.8	3

SHORT-TERM MORTGAGE-MISC. FINANCIAL SPONSORSHIP

Trust	Assets (Mil.\$)	Port. Yield	-6 Mo.Port. Last	Chg.- E Next	Lever. Ratio	Wts. Out*	Div. Price	Yield	Page
Amer. Century	\$169.2	10.28%	21%	12-18%	1.55	35%	\$25.38	9.1%	4
Benef. Std.	72.4	11.02	47	14	1.03	97	27.75	9.4	4
CI Mtg. Group	217.3	10.39	14	19	1.81	88	25.00	9.1	5
Dominion M&RT	22.2	13.86	74	10-15	2.71	192	18.63	9.4	5
Fidelity Mtg.	194.1	12.69	24	17	2.11	7	36.63	9.0	5
Great Amer. Mtg.	268.7	11.40	33	32	2.30	2	37.25	8.1	6
Hanover Sq.	34.8	7.50	NA	30	0.41	--	21.50	5.6	6
IDS Realty	102.8	9.24	71	30	0.79	50	24.25	8.2	6
Mtg. Tr. Amer.	168.2	10.40	15	10-11	1.42	76	22.75	10.2	7
TOTAL/AVG.	\$1,249.7	10.75%	37%	20%	1.57	61%		8.7%	

EQUITY & MORTGAGE COMBINATION

Miller (Henry)	17.6	15.16	44	106	0.68	--	18.50	8.2	7
NJB Prime	38.3	12.06	53	46	0.30	--	22.25	9.7	7
Hospital Inv.	30.8	10.50	22	38	0.31	100	16.13	9.4	8
Hospital Mtg.	36.1	10.97	131	9-16	0.27	100	22.25	9.0	8
Hotel Inv.	62.3	10.79	21	25	0.41	--	25.00	8.2	8
TOTAL/AVG.	\$185.1	11.90%	54%	46%	0.39	40%		8.9%	

Lever. ratio-Fixed Debt/Capital inc. Conv. *Wts/Pres. shs. E-Est. NA-Not Avail.

MIXED BAG OF TRUSTS OFFER A FEW VALUES

Equity trusts not covered Dec. 11, are reviewed here. Basically unexciting, some have longer term merit. *Washington* is solid with well-located holdings, *Mutual* a sleeper well below book and *Wisconsin* a speculation worth watching.

Short-term mortgage trusts with miscellaneous sponsorship vary widely with the originating and financial muscle of the sponsor. *IDS Realty* is the current favorite with good real estate know-how plus the sponsor's powerful financial marketing, *Fidelity* is still good intermediate term despite its 46% move in 1972 as fundings continue growing, *Great American* offers quality, sponsorship and top regional position.

In the equity & mortgage combos, thinly traded *Henry Miller* has intermediate-term possibilities with ties in good regions, *NJB Prime* is speculatively interesting with aggressive originations and motel savvy. Among specialties, *Hotel* looks best with top drawer connections for its sites. The hospital oriented trusts involve risks appropo to this tough, competitive business where managements aren't fully tested.

RANKINGS: 123 trusts are ranked for this issue on our computer for your guidance.

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HUBBARD REAL ESTATE INVESTMENTS (NYSE-HRE)

Equity trust	FY ends Oct. 31			
	RANKING (Data as of 10/72)			
	Assets	Equity	Port.Yield	Capital Ret.
Rank	45	8	114	105
Amt.	\$96.6M	\$93.7M	9.00%	8.7%

Portfolio dynamics: Formed in 1969, the trust holds a portfolio of \$98.7M invested in 63 properties located in 21 states. Investments are divided: 74% buildings; 16% land; 6% short-term mtg. 4% long-term mtg.

Majority of properties are stores and warehouses net leased to W.T. Grant, Chrysler, Safeway Stores, Ashland Oil. Trust plans to add a new property in current quarter with an investment value of about \$500T. Financing: Capital amounts to \$93.7M, all equity with 4.01M sh. Long-term debt is \$2.0M, unsecured notes payable. No public financing likely in the next 6 months. Management: Hubbard, Westervelt & Mottelay, Inc., a subsidiary of Merrill Lynch, Pierce, Fenner & Smith, largest U.S. stock broker. Trust has no operating expenses since majority of investments are net leases. Administrative expenses were 4.2% of rental income for the year. Six month outlook: This quality investment portfolio should yield moderate gains in earnings and dividends over the longer term, although the net leasing of property removes some inflation protection through sharing in rent increases. Trust retains a major share of depreciation for reinvestment. Earnings per share under normal accounting declined in FY 1972 and should decline in future years as portfolio builds. Shares are a solid but undynamic long-term holding.

(VCK)

MUTUAL REAL ESTATE INVESTMENT TRUST (OTC-MUTRS)

Equity trust	FY ends June 30			
	RANKING (Data as of 6/72)			
	Assets	Equity	Port.Yield	Capital Ret.
Rank	104	111	5	121
Amt.	\$31.0M	\$9.9M	15.6%	---

Portfolio dynamics: The trust's assets are almost exclusively in apartments which it owns for income and also the social purpose of providing integrated housing. Properties are in New York, Illinois, Missouri (where it has

three apartment complexes each), New Jersey, Delaware, Pennsylvania and Ohio (which was recently entered). During fiscal 1972, a New Jersey property was sold. Purchased were a 150-unit garden apartment in Pennsylvania for \$1.7M with a \$1.5M mortgage, a short-term mortgage loan on a Long Island City, N.Y. warehouse, a 150-apartment complex in Middletown, O. for \$1.7M with a \$1.5M mortgage and in Oct., an apartment project of about 150 units for \$1.4M with a \$1.1M mortgage. Purchase of two apartments in Kentucky, 157 and 36 units, has since been contracted for \$2.7M. Financing: Equity at \$9.9M w. 1.43M sh. Mortgage debt \$19.8M. Management: Property expenses were 45.6% of rental and mtg. income, administrative expenses were 8.5%. Six month outlook: Significant improvement is expected in the first quarter and better results anticipated for the year. Many acquisitions and several sales are being negotiated. Sizeable capital gains should be taken during the year. The shares have merit at prices well below book value of \$6.90/sh.

(BS)

NATIONAL REALTY INVESTORS (ASE-NRY)

Portfolio dynamics: The trust incurred serious cash flow loss in 1971 which was halted by sale of the Dinkler Hotel in Atlanta. Small losses were reported through the recent nine months. A cash flow loss building in Indianapolis was sold. It appears the situation is going to be resolved by merger into United National Corp., a diversified real estate firm with respected management. NRY holders will get one-fifth share of UN common (worth \$1.02 at recent market), \$5.50 of a 7½% 15-year UN debenture and a warrant to buy UN at \$10 for five years. The face value of the package is \$6.52 plus the warrant. Proxies have been filed with the SEC. The resulting firm will not be a trust.(BS).

SUMMIT PROPERTIES (OTC-SMMTS)

Portfolio dynamics: Properties of the trust which total \$29.7M are composed of the following: 5 shopping centers (all located in Fla.); 16 industrial properties (all in O); 2 apartment complexes w. 372 units (both in Ohio); 6 office buildings (5 in Ohio, 1 in

Equity trust FY ends Oct. 30
 RANKING (Data as of 7/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	95	NR	NR	NR
Amt.	\$36.0M	\$9.5M	12.75%	11.2%

Ariz.); 1 motel w. 137 rooms in Fla.; 3 land holdings of 59 acres (Ohio, Fla., Va.). Trust recently bought 25 motor carrier terminals and office facilities of Akers Motor Lines for \$7.5M which it will lease back to Akers

for 20 years at a net rental of \$858T per year. 500T shares @ \$12.875. Capital of trust amounts to \$9.5M, all equity w. 942T shares. Long-term debt comes to \$25.2M. Management: Trust is self-administered. Property expenses (excl. depreciation) were 23.8% of rental income during the July quarter and administrative expenses were 3.9% of rental income. Six month outlook: Trust's growth in portfolio has not been matched by share earnings growth. However a good yield may be able to boost earnings and proceeds from the offering expand its investments to higher yielding situations. Shares have long-term appeal for regional representation. (VCK)

U.S. LEASING REAL ESTATE INVESTORS (ASE-USE)

Equity trust FY ends Dec. 31
 RANKING (Data as of 9/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	75	55	30	109
Amt.	\$52.7M	\$29.9M	12.15%	7.7%

Portfolio dynamics: Trust's major emphasis has been investment in high-rise office buildings with a financial institution as main tenant. Recently trust decided to widen its investment scope with purchase of two properties:

a 208 unit apartment complex in Omaha, Neb. for \$1M and a 16-story office building in Dallas, Tex. for \$3M. High-rise office buildings will still predominate new investments, according to mgmt. Trust presently owns 8 office buildings located in: Tulsa, Okla.; Houston, Tex.; Santa Ana, Calif.; Buffalo, N.Y.; Cincinnati, O.; San Francisco, Calif.; Wilmington, Del.; St. Paul, Minn. Financing: Capital amounts to \$29.9M, all equity w. 1.35M shares. Debt is \$21.6M with \$17.7M in mtg. payable, \$2.8M bank notes; \$1.1M notes. Management: U.S. Leasing Realty Advisers, wholly-owned subsidiary of U.S. Leasing International. Property expenses (excl. depreciation) were 37.9% of rental income during the Sept.qtr. while administrative expenses were 6.2% of rental income during that period. Six month outlook: A broader based investment objective may be able to increase both yield and capital return. Warrant overhang of 100% may hold back significant earnings and dividend gains. Shares are a long-term holding for income and moderate appreciation. (VCK)

WASHINGTON REAL ESTATE INVESTMENT TRUST (ASE-WRE)

Equity trust FY ends Dec. 31
 RANKING (Data as of 12/71)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	100	100	2	66
Amt.	\$33.6M	\$12.7M	17.66%	11.5%

Portfolio dynamics: During 1972 the trust bought one new property and sold one property leaving 14 holdings, primarily eight high-rise apartments w. 1,926 units. All are located in the Washington, D.C. area. On Sept. 1, the

trust bought the 150T s.f. Westminster Shopping Center in Westminster, Md. for \$2.4M. Major tenants include Woolworth, Safeway, Goodyear, Goodrich, Texaco and British Petroleum. On Dec. 7, trust sold a 268-unit luxury apartment house in Washington, D.C. for a pre-tax profit of \$1.5M. Financing: Capital amounts to \$13.4M with \$12.7M in equity w. 1.36M shares and \$0.7T 6 3/4% subor. convt. debent. Debt is \$19.7M, all mtg. notes. No financing planned the next six months. Management: Beginning Jan. 1, 1973, management was assumed by a six member Advisory Board, whose members were all on the board of DRICO Inc. the trust's former adviser. Property expenses were 44.6% of rental income for calendar 1971 and administrative expenses were 5.6% of rental income during that period. Six month outlook: Lack of current balance sheet (latest available is December 1971) complicates current appraisal. However the portfolio is little changed in the year and the well-located apartment holdings should continue to provide moderate earnings and dividend growth. Shares are a long-term holding. (VCK)

WISCONSIN REAL ESTATE INVESTMENT TRUST (OTC-WREI)

Portfolio dynamics: During the third quarter, trust sold two properties: 54-unit Grandview Apartments in Beloit, Wis. for a gain of \$44T after taxes and 256-unit Candle-

Equity trust		FY ends Dec. 31		
RANKING (Data as of 9/72)				
	<u>Assets</u>	<u>Equity</u>	<u>Port.Yield</u>	<u>Capital Ret.</u>
Rank	80	99	3	56
Amt.	\$49.4M	\$13.2M	16.30%	10.3%

wood Village Apartment in Dallas, Tex. for a deferred gain of \$156T. Early in the fourth quarter, the 98-unit Carriages East Apartment in Orlando, Fla. was sold at a gain. Trust is attempting to become hybrid by selling off

properties and investing more in mortgages and joint ventures. Change will not be noted in our classification till mtg. investments become more meaningful to portfolio. Financing: Trust's capital is \$13.2M, all equity w. 1.51M shares. Debt amounts to \$35.0M with \$28.0M in mtg. notes and \$7.0M in commercial paper. There is a strong possibility of a public offering in next 6 months. Management: MJA Associates, Inc., an independent contractor, acts as manager for the trust. Property expenses (excl. depreciation) were 48.9% of rental income during the nine months ended Sept. while administrative expenses were 1.6% of rental income during that time. Six month outlook: High portfolio yield may not be fully reflected in earnings and dividends due to hefty expense figures. A question mark is trust's ability to convert successfully from a pure equity to a combination trust. Shares rose 35.1% last year, sixth best performance in the industry, and bear watching for further speculative capital gains. (VCK)

AMERICAN CENTURY MORTGAGE INVESTORS (NYSE-ACT)

Short-term mtg.-misc. fincl. FY ends June 30				
RANKING (Data as of 9/72)				
	<u>Assets</u>	<u>Equity</u>	<u>Port.Yield</u>	<u>Capital Ret.</u>
Rank	19	35	79	43
Amt.	\$169.2M	\$51.7M	10.28%	10.95%

Portfolio dynamics: Funding rose about 21% in the six months through December to about \$170M. The trust likely will slow growth in near-term months to insure digestibility of new business and a gain of 12%-18% is likely

the next six months. Holdings now are about 89% first mtg. construction and development loans; 3% long-term mtg.; and 6% equity holdings, incl. leasebacks. ACT has moved rapidly to overcome difficulties which arose from the troubled Pomponio realty empire in Washington (see RTR, Sept. 25), although ACT's exposure was \$17.9M in five separate Pomponio projects. Two investments totaling \$5.7M have been sold to other investors with no gain or loss; two other buildings in which ACT has either a mortgage or equity interest have been topped out and major leases signed or near signing. An investor is being sought for a fifth holding, \$2.6M office building site which has been foreclosed. In December ACT also realized a \$745T capital gain (\$0.29/sh.) on sale of shares in a company holding vacant land north of Atlanta. Loss reserve: \$696T, or 0.44%. Financing: Capital of \$65.2M is \$51.7M equity (w. 2.56M shares) and \$13.4M 6 3/4% and 7% subor. convt. debents. Debt of \$101.1M is all short-term borrowings. Trust arranged \$25M, five-year term loan from two banks with interest tied to prime rates. Money costs averaged 6.3% in the Sept. quar. Adviser & expenses: American Century Advisers, subsidiary of Amer. Heritage Life Investment Co. Cash expenses averaged 1.88% last two quarters. Eff. Oct. 1, adviser reduced its management fee an est. \$250T for FY 1973 (or about \$0.10/sh.). Six month outlook: Shares are a holding for yield and longer-term growth. (KDC)

BENEFICIAL STANDARD MORTGAGE INVESTORS (ASE-BSM)

Short-term mtg.-misc. fincl. FY ends July 31				
RANKING (Data as of 10/72)				
	<u>Assets</u>	<u>Equity</u>	<u>Port.Yield</u>	<u>Capital Ret.</u>
Rank	59	82	62	41
Amt.	\$72.4M	\$18.9M	11.02%	13.8%

Portfolio dynamics: Holdings increased 47% over the last 6 months. Current portfolio of \$67.3M is all short-term mtg. with the following breakdown: 27% apartments; 17% single-family residences; 10% shopping centers; 11%

land devel.; 8% hotels & motels; 7% mobile home parks; 4% office buildings; 3% land loans; 2% indus. build.; 5% condominiums; 8% other. Investments are located in 18 states & Canada with 19% in Arizona. Mgmt. expects portfolio to increase by \$10M in next six months, a 14% gain with composition virtually unchanged. No problem loans are in the portfolio at present. Loss reserve: \$204T or 0.30%. Financing: Capital amounts to \$34.3M, with \$18.9M in equity (w. 998T sh.) and \$15.4 6 1/2% convt. subor. debent. Debt is

\$35.3M with \$17.3M in bank borrowings and \$18.0M commercial paper. Leverage ratio is 1.03-1. No public offering in next 6 months. Adviser: Beneficial Standard Advisers, owned by a subsidiary of Beneficial Standard Corp., insurance company. Expenses averaged 1.73% of invest. in the last 6 months. Six month outlook: Past increases in earnings and dividends may be harder to equal in the future due to slower fundings, slightly declining yields and heavy (97%) overhang from wts. However trust shares merit long-term holding based upon mgmt. ability to resume growth. (VCK)

C.I. MORTGAGE GROUP (NYSE-CI)

Short-term mtg.-misc. fincl. FY ends Oct. 31.

RANKING (Data as of 10/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	10	14	86	30
Amt	\$217.3M	\$76.5M	10.39%	11.9%

Portfolio dynamics: Holdings increased 14% in last 6 months. Current funding of \$199.4M are 57% constr.; 10% devel.; 12% short-term first mtg.; 10% long-term constr. and first mtg.; 8% short-term junior mtg.; 3% junior mtg.

Land. Loans are located in 27 states with concentration in N.Y.-17%; Fla.-17%; N.J. 12%. Mgmt. expects funding to reach \$275M by Oct.'73, a 38% gain. Trust has a \$2.5M loan on which it is not accruing interest and the property, a New York office bldg., is presently in foreclosure. Loss reserve: \$343T or 0.17%. Financing: Capital amounts to \$76.5M, all equity w. 4.08M shares. Debt comes to \$138.7M consisting of \$106.4M commercial paper; \$20.8M bank notes; \$115M 8% subor. notes due 12/1/72. Trust is presently negotiating for a term loan. Leverage ratio is 1.81-1. Adviser & expenses: C.I. Planning Corporation, a wholly-owned subsidiary of City Investing. C.I. Planning acts as adviser to C.I. Realty Investors, an equity trust. Expenses averaged 1.52% of invest. in last 6 months. Six month outlook: Continued growth in portfolio plus increases in staff indicate future gains in earnings and dividends. A potential overhang of 88% due to wts. is a negative. Trust shares represent a solid long-term investment. (VCK)

DOMINION MTG. & REALTY TRUST (OTC-DMRT)

Short-term mtg.-misc. fincl. FY ends May 31

RANKING (Data as of 11/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	117	122	9	2
Amt. \$22.2M	\$5.9M	13.86%	20.31%	

Portfolio dynamics: After rising 74% from a low base the last six months, funding growth appears ready to slow as paybacks are absorbed the next six months. DMRT has specialized in tougher, hard to finance projects as the way for

a small trust to enter the market. Fundings now are aimed more at larger, standard projects where some part of loans can be participated to banks and other lenders. At Nov. 30, holdings of \$20.8M were 95% loans and 5% property. Loans were 52% construction, 19% land and development, 14% intermediate-term; 12% junior mtg., and 4% land and purchase/leasebacks. Loss reserve: \$59T, or 0.30%. Financing: Capital of \$5.9M is all equity w. 0.54M sh. Debt of \$16M is \$4.8M bank borrowings and \$11.0M of 8% subor. debts. sold Oct. 25, w. 500T Series B wts. ex. at \$17.75. Leverage ratio is 2.71-1 and debt cost was 7.76% in the latest quarter. Management: Great Lakes Advisory Corp., unaffiliated but headed by the former V.P. for commercial constr. loans at Marine Midland-Western Bank. Expenses were 2.65%. Six month outlook: The shares were last year's biggest gainer among REITs, rising 117.1%. Prospective slowing of growth may bring some price weakness, where shares should be accumulated. (KDC)

FIDELITY MORTGAGE INVESTORS (NYSE-FID)

Short-term mtg.-misc. fincl. FY ends Oct. 31

RANKING (Data as of 10/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	12	28	22	6
Amt. \$194.1M	\$57.0M	12.69%	16.9%	

Portfolio dynamics: Fundings gained 24% over the last 6 months. Current portfolio of \$173.4M is broken down: 29% residential constr.; 23% apartment constr.; 23% land devel.; 21% other commercial constr.; 3% second mtg.; 1%

rental property. Holdings are located in 27 states with concentrations in Fla.-27%; Calif.-19%; Tex.-16%; N.J.-9%. Mgmt. expects portfolio to grow some \$30M in next six

months, a 17% increase with composition unchanged. Problem loans are all small amounting to about \$1M at present. Loss reserve: \$1.15M or 0.67%. Financing: Capital of trust is \$62.0M composed of \$57.0M of equity w. 2.89M shares and \$5.0M 7 3/4% subor. convt. debent. Debt amounts to \$130.7M with \$104.7M in short-term rates; \$21.0M notes due 1977; \$5.0M notes due 1980. Leverage ratio is 2.11-1. No public financing is due in the next 6 months and mgmt. does not expect to have to seek new public funds till 1975 due to recent completion of a 5-year, \$21 million term loan. Adviser & expenses: Fidelity Mortgage Advisers, Inc., a wholly-owned subsidiary of George Washington Corp., a life insurance holding company. Expenses averaged 1.88% of invest. over the last 6 months. Six months outlook: Continued growth in portfolio, adequate financing, recent decrease in adviser's fee and a low dilution factor (7%) all point to further earnings and dividends increases. Share prices rose 45.8% last year, fourth best industry performance, but they retain potential for further capital gains. (VCK)

GREAT AMERICAN MORTGAGE INVESTORS (NYSE-GAA)

Short-term mtg.-misc. fincl. FY ends July 31

RANKING (Data as of 10/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	6	31	51	5
Amt.	\$268.7M	\$55.7M	11.40%	17.1%

Portfolio dynamics: Fundings increased 33% over the last 2 quarters. Present portfolio of \$238.1M is 81% constr.; 13% land; 6% junior mtg. & other. By type loans are 72% apartments and residential; 10% land devel.;

7% motel; 6% other; 5% office building. Geographic concentration of loans are located: 27%- Fla.; 26%-Ga.; 17%-Tex. Mgmt. expects portfolio to reach \$314M by end of Apr.'73, a gain of 32% from Oct. quarter. No major problem loans in the portfolio. Loss reserve: \$1.4M or 0.59%. Financing: Capital of trust is \$79.7M with \$55.7M in equity w. 3.98M shares and \$24.0M 7% subor. convt. debent. due 1991. Debt amounts to \$183.5M, all short-term notes. Leverage ratio is 2.30-1. Trust sold \$25.0M of 7.55% senior subor. debent. due 1979 in Nov. 16, '72 and there is a strong possibility of an equity or convt. offering in mid-1973. Adviser & expenses: Great American Management Corp., a wholly-owned subsidiary of UniCapital Corp. Expenses averaged 1.27% of investments in the last 2 quarters. Six month outlook: Continued good growth in fundings, low expenses and a minor dilution (2%) all point to continued earnings and dividend gains. Shares rose 24.8% in 1972 and retain intermediate capital gains appeal. (VCK)

HANOVER SQUARE REALTY INVESTORS (OTC-HASQS)

Short-term mtg.-misc. fincl. FY ends Aug. 31

RANKING (Data as of 11/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	96	101	119	100
Amt.	\$34.8M	\$11.9M	7.50%	6.3%

Portfolio dynamics: This is first quarter for trust. Current portfolio of \$31.4M is 55% constr.; 20% junior mtg.; 9% land; 7% other short-term mtg.; 5% land & devel.; 4% intermediate. We estimate a 30% gain in fundings in next 6

months. No problem loans. Loss reserve: \$10T or 0.31%. Financing: Capital is \$24.4M with \$11.9M in equity w. 649T sh. and \$12.5M 7 1/4% sub. conv. deb. Debt is \$10M all bank notes. Leverage ratio 0.41-1. Financing possible in next 6 mo. Adviser & expenses: Pearce Mayer & Greer of W.R. Grace. Expenses were 1.55% of invest. in first quar. Six month outlook: Shares have spec. appeal under good leader. Record must yet emerge. (VCK)

IDS REALTY TRUST (OTC-IDSRS)

Short-term mtg.-misc. fincl. FY ends Jan. 31

RANKING (Data as of 10/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	40	29	111	87
Amt.	\$102.8M	\$57.0M	9.24%	8.0%

Portfolio dynamics: Holdings rose 71% in the last six months, 2nd & 3rd in the trust's operations. Holdings of \$98.5M are 79% mortgage loans, 12% equity ownership and 9% mortgage-backed securities. Loans are about 65% constr.

loans, 32% land and land devel. Nearly all equity investments are shopping centers. Holdings of mortgage backed securities yielding 6.85% are gradually being liquidated and should improve trust's relatively low portfolio yield. Unfunded commitments of \$91M point to a further increase in fundings of about 30% next six months. Initial investments included a high proportion (40% of mtg. loans) involving various IDS realty af-

filiates and joint ventures; this proportion is expected to decline. Loss reserve: \$57T or 0.07%. Financing: Capital of \$57.0M is all equity w. 2.41M sh. Debt of \$45.2M is \$42.0M bank lines and commercial paper, \$2.7M mtg. loans on equities. Trust sold \$25M of 6.88% subor. non-convertible debents. (see RTR, Dec. 26) in Nov. & Dec. thru IDS salesmen, effectively increasing leveraging base by 44%. Money cost 5.12% last quar. Leverage ratio 0.79-1. Adviser & expenses: IDS Realty Services, sub. of IDS Mtg. Corp., mtg. banker w. 15 U.S. offices and in turn a sub. of IDS, largest U.S. mutual fund adviser. Cash expenses avg. 1.72% last 2 quar. Six month outlook: Sponsorship which opens money market plus unused leverage gives major potential to this trust selling near book value and yielding about 8.2%. NYSE listing possible in spring. Shares among our favorite buys. (KDC)

MORTGAGE TRUST OF AMERICA (NYSE-MT)

Short-term mtg.-misc. fincl. FY ends Nov. 30

RANKING (Data as of 11/72)

	<u>Assets</u>	<u>Equity</u>	<u>Port.Yield</u>	<u>Capital Ret.</u>
Rank	20	16	85	21
Amt. \$168.2M	\$69.2M	10.40%	12.7%	

Portfolio dynamics: Fundings grew 15% over the last 2 quarters. Current portfolio \$157.1M is divided: 45% const. loans; 19% land & devel.; 15% intermediate; 11% standing loans; 5% secondary financing; 3% permanent first mtg.; 2%

land purchase and leasebacks. Loans by type of construction are 19% land & devel.; 17% apartment; 12% condominium; 11% hotel & motel; 10% single family; 9% office building; 6% shopping center; 6% industrial building; 6% other; 4% mobile home park. Heaviest concentration of loans in California, 44%, with remainder in 16 states, Wash. D.C. and Canada. Mgmt. expects portfolio to grow by \$15M-\$18M, a 10-11% gain from Nov., in next six months with composition unchanged and a slight decrease in California holdings. A troubled apt. loan of \$3.5M is in the hands of a borrower & trust is being paid some interest & repayment of principal. Loss reserve: \$910T or 0.59%. Financing: Trust capital is \$69.2M all equity w. 3.61M shares. Debt amounts to \$98.5M with \$78.7 commercial paper, \$11.8M bank borrowings, \$8.0M Eurodollar loan. Leverage ratio is 1.42-1. No financing in next 6 months. Adviser & expenses: Transamerica Mortgage Advisors, Inc., a sub. of Transamerica Corp. Expenses averaged 1.65% of invest. over the last 2 quarters. Six month outlook: Steady growth is portfolio points to moderate earnings and dividend gains. An overhang of 76% due to wts. a future drain on share results but shares are a long-term hold for good yield. (VCK)

HENRY S. MILLER REALTY TRUST (OTC-HSMTS)

Equity & mtg. combination FY ends Feb. 28/29

RANKING (Data as of 11/72)

	<u>Assets</u>	<u>Equity</u>	<u>Port.Yield</u>	<u>Capital Ret.</u>
Rank	118	108	7	78
Amt. \$17.6M	\$10.4M	15.16%	8.6%	

Portfolio dynamics: Holdings grew by 44% over the last 2 quarters. Current portfolio of \$17.3M is 83% rental properties and 17% mtg. loans. Trust's 15 rental properties include 7 shopping centers, 5 office buildings and 3 office-

warehouse buildings. Properties are concentrated in Texas and Oklahoma. In addition trust has loans in Kansas, Georgia and Colorado and plans to diversify geographically. Mgmt. estimates the funded portfolio to reach \$35M in the next six months, a 106% gain, with composition the same. Financing: Trust capital amounts to \$10.4M all equity with 560T shares. Debt comes to \$7.0M all short-term notes. Leverage ratio is 0.68-1. There is a possibility of an offering in the next 6 months. Adviser & expenses: Henry S. Miller Co., a mortgage banker, acts as adviser and Henry S. Miller Mgmt. Corp., a wholly-owned subsidiary of the adviser, manages the properties. Operating expenses were 30.3% of rental income in the latest quarter while administrative expenses were 4.2% of rental income. Six month outlook: Mgmt. estimates of portfolio growth, if achieved, should lead to substantial earnings and dividend growth. Shares have some attraction but small float impedes institutional purchases. (VCK)

NJB PRIME INVESTORS (ASE-NJB)

Portfolio dynamics: Holdings rose by 53% over last 2 quarters. Current portfolio of \$35.5M is 31% land purchase/leasebacks; 28% constr. & devel. loans; 17% improved

January 15, 1973

Equity & mtg. combination FY ends Nov. 30
 RANKING (Data as of 8/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	91	98	34	28
Amt. \$38.3M		\$13.7M	12.06%	12.1%

property subject to leases; 11% permanent & inter.: 8% land; 5% junior. Fundings located in 17 states heavy in Florida. Mgmt. expects funding to increase \$16M by April, a 46% increase from Aug. with larger part of money

going into mtgs. No problem loans. Loss reserve: \$43T or 0.23% of mtg. Financing: Capital of trust amounts to \$28.2M with \$13.7M equity (w. 781T shares) and \$14.5M 6 3/4% subor. convt. debent. Debt comes to \$8.6M with \$4.1M in property mtg. and \$4.5M bank loans. Leverage ratio is 0.30-1. Financing possible in next 6 months. Adviser & expenses: NJB Prime Advisors, 51% owned by New Jersey Bank (N.A.) and 49% by Prime Equities. Expenses averaged 1.96% of invest. the last 2 quarters. Six month outlook: Continued strong growth in portfolio, high yield and no dilution should increase earnings. Shares are intermediate-term buy. (VCK)

HOSPITAL INVESTORS (OTC-HOSPS)

Long-term mtg. & equities FY ends Aug. 31
 RANKING (Data as of 11/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	105	70	81	84
Amt. \$30.8M		\$23.3M	10.50%	8.2%

Portfolio dynamics: Holdings increased 22% last 2 quarters. Portfolio of \$28.9M is: 50% non-medical const.; 19% hospital-permanent; 14% hospital-constr.; 5% constr. hospital; 5% land; 4% land acq. & devel.; 2% land purchase

leaseback; 1% junior mtg. Concentrated in Georgia (50%) with the rest in 9 other states and Wash. D.C. Mgmt. expects fundings to reach \$40M by May '73, a 38% gain, with more permanent hospital. One small problem loan is still paying interest, no less expected. Loss reserve: \$124T or 0.44%. Financing: Capital of trust is \$23.3M, all equity w. 1.26M shares. Debt \$7.3M short-term notes. Leverage ratio 0.31-1. No offering until after May '73 quarter; convertibles are most likely. Adviser & expenses: Charter Medical Management Co., 50% owned by Charter Medical Corp. and a 50%-owned subsidiary of mtg. banker Fickling & Walka. Expenses averaged 1.90% of investment last 2 quar. Six month outlook: If mgmt. objectives can be reached the growth in fundings should boost earnings and dividends moderately. Heavy overhang (100%) of wts. could pressure share results. Shares represent a speculative specialty. (VCK)

THE HOTEL INVESTORS (ASE-HOT)

Long-term mtg. & equities FY ends Aug. 31
 RANKING (Data as of 11/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	67	71	70	63
Amt. \$62.3M		\$23.3M	10.79%	9.7%

Portfolio dynamics: Fundings gained by 21% the last 2 quarters. Current portfolio \$60.2M is: 58% long-term mtg.; 35% short-term; 7% land & building. Most hotel property investments are with major hotel corporations or their franchises:

Marriot, Hilton, Holiday Inn, Travelodge, Rodeway. Mgmt. expects fundings to grow by \$15M in next 6 months, a 25% gain, with two-thirds short-term mtg. No problem loans. Loss Reserve: \$161T or 0.29%. Financing: Capital amounts to \$42.8M with \$23.3M equity w. 1.25M shares, \$19.5M conv. deb. Debt is \$17.7M. Leverage ratio is 0.41-1. No financing in next 6 months. Adviser & expenses: Hotel Advisors, Inc. Expenses averaged 1.86% of invest. last 2 qtrs. Six month outlook: Continued healthy gain in portfolio, no potential dilution, good yield all point to gains. Shares are buy for intermediate term. (VCK)

HOSPITAL MORTGAGE GROUP (ASE-HMG)

Long-term mtg. & equities FY ends Feb. 28/29
 RANKING (Data as of 11/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	94	63	64	73
Amt. \$36.1M		\$27.3M	10.97%	8.8%

Portfolio dynamics: Holdings up 131% over the last 2 qtrs. Current portfolio of \$32.1M is 83% constr.; 13% land devel.; 3% standby; 1% land acq. Mgmt. expects fundings to be \$35M-\$37M, a 9-16% gain, in next 6 months. No problem loans.

Loss reserve: \$71T or 0.23%. Financing: Capital is \$27.3M all equity w. 1.18M sh. Debt amounts to \$7.3M all short term notes. Leverage ratio is 0.27-1. No public financing in next 6 mos. Adviser & expenses: Hospital Mortgage Advisers, Inc. Expenses averaged 2.06% of invest. last 2 qtrs. Six month outlook: Slow down in funding growth expected as trust matures may be offset by higher portfolio yields. Overhang of 100% due to warrants also a potential drag. Shares are speculative and entitled to consolidation. (VCK)